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# A Study on Policies of Chinese Overseas Talents and Entrepreneurial Activities in Distribution Industry

Byoung-Goo KIM<sup>1</sup>, Ick-Soo KIM<sup>2</sup>

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## Abstract

**Purpose:** This study analyzed the policies on and changes of elite training through overseas study and their impact on China's national development when entrepreneurs return home. In particular, it analyzed returnee entrepreneurs in the distribution industry. **Research design, data and methodology:** This study largely analyzed the Chinese government's policy of attracting foreign talent and the results of the policy. The research method utilized the Chinese Statistical Yearbook and various literature. This study also used case analysis methods for start-ups by *haigui* in the distribution industry. **Results:** According to the analysis, the Chinese government is implementing various policies to attract talent. Representatively, the government actively attracts talent through the Hundred Talents Plan, Thousand Talents Plan, Chunhui Program and Chizi Program. In addition, the Changjiang Scholars Program is attracting foreign talent. As a result, many talented people are leading development of the Chinese economy. **Conclusions:** The Chinese government is actively pursuing policies to attract talents from overseas. In addition, it has established a system in which government ministries and research institutes can work closely together to secure effectiveness in attracting overseas talents. Through this, overseas talents are playing an important role in China's economic development through new start-up activities including the distribution industry.

**Keywords :** Overseas Talent, Haigui, Entrepreneurial Activities, Distribution Industry

**JEL Classification Code:** O15, F20, F23.

## 1. Introduction

China's comprehensive national power comes from, among other things, its enormous population of over 1.3 billion and its economic power calculated on the basis of vast territory. With most of the world's top 500 companies scrambling to enter China, China is forming a world-class technology competition market. The rapid growth of China

as a key policy for the growth of its comprehensive national power is the use of human resources through the cultivation of high-quality human resources.

This is because, like any other country, China actually has a thick layer of excellent brains at the foundation of planning its national development strategy by elite. In practical terms, it is not too much to say that they are planning overall national development strategies and setting the direction of China's huge national development. In the 21st century, since setting the goal of national development strategy by science education and science and technology, and national development strategy by talent power country, the environment for fostering excellent human resources in China and the conditions for start-up of talent returning home have improved dramatically, which provides a very good opportunity for returning international students. For Chinese students studying in various parts of the world, the golden age of their country is coming.

1 First Author. Professor, Department of International Trade, Korea National Open University, Korea.

Email: [bgkim@knou.ac.kr](mailto:bgkim@knou.ac.kr)

2 Corresponding Author. Professor, School of Business Administration, Korea University, Korea.

Email: [iksu@korea.ac.kr](mailto:iksu@korea.ac.kr)

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In fact, under the condition of globalizing the world economy, a country's development and enhanced competitiveness usually depend on its talent pool. The essence of competition in the field of economy and science and technology is competition to attract talent. More than 30 years have passed since the implementation of the reform and opening policy, China is studying the attraction and loss of talent through overseas study in Korea. Various government policies are being established to attract talent, and obstacles that lead to loss of talent are also being analyzed.

In the past few decades, the most talented Chinese who have left China have become graduate student or skilled experts overseas. Some of them chose to stay in the adoption country, while others decided to return to their birthplace, China, and settle down.

Traditionally, the term *liuxuesheng* (student studying abroad) is used to describe students who went on adventures abroad for further study. In modern times, the term is not appropriate to detect new phenomena in which not only overseas graduates but also existing scholars and professionals return to the mainland.

In the 1990s, the new term "Haigui(海归)," which literally means "overseas returnees," was coined, and these returnees are collectively called "Haiguipai(海归派)". The use of these terms often reflects some positive characteristics, including the possibility of obtaining a prestigious foreign degree, experience working for transnational corporations, and the ability to speak at least 2~3 languages fluently. In this sense, Haiguipai is generally respected by the public and can often be seen as an elite who can contribute much to the nation's future development and growth.

The term Haigui is a modern word, but the concept of sending Chinese students to learn in foreign countries has a history of nearly 150 years. These students are called *Liuxuesheng*, and many scholars and intellectuals who returned from these studies have made tremendous contributions to China. In fact, it is not underestimated to say that most of China's modern history is formed by them.

The cultivation of national elite through overseas study is already a phenomenon that has emerged since the early 20th century, but the experience of the last 30 years has important implications in relation to changes in China's national development strategy, changes in political and social system, changes in the structure of the ruling elite, etc. Such an overseas elite, Haigui, was evaluated to be armed with foreign languages and international networks until recently and to contribute to innovation in China's IT and financial sectors. However, the return of Haigui in 2020 is causing more concern than expected. Research on Haigui has been steadily underway, but there is not much research on how these Chinese government policies have affected

China's economic development. In particular, there is no research into what Haigui is doing at the corporate level. Under these circumstances, this study aims to examine from various angles the trends and changes of elite training through overseas study and their impact on China's national development, especially in the field of business activities in the distribution industry, under the situation where IT technology is being used to innovate.

## **2. Theoretical Background**

### **2.1. Current Status of Chinese Distribution Industry**

IT giants and offline retailers are moving fast to occupy the fast-changing Chinese retail market. Since China's Alibaba's Ma Yun (马云) opened a new era of distribution in October 2016, Tencent (腾讯), Suning (苏宁), and Jingdong (京东) have presented their own visions to innovate the Chinese distribution market. Traditional retailers are also joining the ranks, and the Chinese retail industry is currently facing fierce competition and boom.

The big trend is led by two companies, Alibaba's new distribution and Tencent's smart distribution, and each company continues its own distribution innovation using new technologies based on their respective strengths. Online companies with IT technology and offline distribution companies with distribution know-how cooperate with each other to further accelerate changes in stores and digitize the overall distribution operation (Lee & Choi, 2015).

Now it's not difficult to get fresh food ordered from home to the Chinese in 30 minutes, or to buy things and eat at stores or restaurants without clerks. The stores specializing in fresh food are spreading rapidly, rural convenience stores are becoming smart, and clerks are disappearing from stores. Regardless of the area of catering, interior, fashion and pharmaceuticals, distribution companies offer digitized services to consumers.

At the root of these changes are the reconfiguration of logistics infrastructure armed with advanced technology, the ever-evolving mobile self-payment system, and robot automation facilities that improve service efficiency (Kim & Lee, 2012). In digitized stores, consumers' shopping patterns are dataized, and based on this, services continue to improve and lead to customized services in the future. Consumers enjoy these technologies and changes to their heart's content and enjoy them comfortably.

It can be said that the role of Haigui in China is very large in the basis of the development of the distribution industry. This is because role of Chinese overseas talent was important in the development of new IT technologies.

This is especially true in situations where the convergence of IT and distribution industries is active. There are three main prospects for new distribution development.

First, new distribution will be developed around fresh food, smart logistics and unmanned stores. Fresh foods, which are difficult to manage quality, are a key indicator of a company's logistics competitiveness, and are changing with the most active involvement of distribution companies. In particular, smart logistics systems that incorporate IT technology are reducing delivery time (Majid & Yaqun, 2016; Muhammed & Majid, 2013). These systems are also helping to narrow the distance between online and offline stores and customers. The unmanned operation of the store requires technological development from inventory management to self-payment system and achieves operational efficiency with systems instead of people.

Second, the flow of new distribution in China, which extends across various industrial groups and the whole country, is prominent. In 2017 and 2018, companies are presenting new distribution directions and various new distribution models are being presented. It is conducting tests by incorporating new technologies into developed cities and consumers. Based on stabilized technology and operational know-how in the future, it will expand more rapidly in various fields and regions. With the expansion of the industrial group, the new distribution market, which has been developed mainly for large discount stores and fresh food, has been expanding into various industrial groups since the second half of 2017. For example, Alibaba is trying to combine various industries that are out of retail focus by working with restaurants and drugstore franchises beyond fashion and cosmetics brands. As for the expansion of the region, many new distribution stores were initially developed mainly in the first and second-line cities, and after examining consumer responses, the trend is to gradually expand the region. Jingdong Convenience Store is expected to expand cooperation with local retailers in order to gain a foothold in the country, and its first-line city-oriented new distribution stores are gradually going down to rural areas, and the Jingdong Unmanned Supermarket will also be expanded nationwide.

Third, the era of new distribution, where the boundaries of online and offline are disappearing, is coming (Tobias, 2018). Online and offline companies are working together to promote changes in China's distribution industry. Alibaba, Tencent, and Jingdong, which have online data and technology, are accelerating the expansion of offline stores by opening their own stores, strategic partnerships, and franchises. The number of stores where you can experience popular online products offline is expanding, or the limited space of the stores is being overcome by the installation of cloud-based product shelves.

## 2.2. Definition of Overseas Talent

In general, talent is often referred to as "skilled people," or "skilled and toned people". This distinguishes it from the labor force of labor, which focuses on physical strength and dexterity, and sees people with non-practical (technical, ideological, creative, innovative, and corporate spirit) abilities as "human resources" in economic activities (Ivaturi, Lanvin & Mohan, 2009). Advanced/excellent talents refer to intellectuals who engage in highly educated and professional professions and are particularly capable of creating value (Strack & Baier, 2010). Solimano (2008) explained the type of talent by dividing it into direct production, academic, social and cultural activities while explaining the international talent flow.

Ivaturi, Lanvin and Mohan (2009) and others categorized internationally mobile talent as science, research and development (R&D) personnel, information science and technology (IT) experts and academic talent (academists and students). The concept of overseas talent defined in China is as follows. Overseas talents are commonly referred to as "high-level overseas students," or "high-level human resources" and "high-level science and technology experts."

To be specific, the talent is regarded as a person who has achieved outstanding achievements in science and technology research, teaching, engineering, finance, management, etc. overseas, and is a person who has advanced management talent, advanced professional technical talent, academic technology leader, and patent, invention or exclusive technology with a good prospect of industrialization development.

## 2.3. Literature Review

Since China's reform and opening-up policy was started in 1978, China has regarded the most important factor in strengthening national competitiveness as a talent, and has pursued policies to attract foreign talent if there is a shortage of talent, and is even more important in attracting high-quality talent from overseas. Currently, research on human resources policy in China is mainly focused on two parts. Currently, most of the research on attracting high-quality human resources from overseas is focused on the current status, effectiveness, and problems of the Thousand Talents Plan (千人计划), Hundred Talents Plan (百人计划), Chunhui Program (春晖计划), and Chizi Program (赤子计划) conducted by the Chinese government.

David, Chen and Stanley (2004) analyzed China's overseas talent and those who returned to China in terms of globalization and international human capital. The results of this study show four main ways. First, there are highly internationalized education and employment system in

China. Second, even Chinese overseas' scholars sent by the government lean deeply on foreign funds to finish their research, so China is benefiting from the foreign capital invested in the returnees' cohorts. Third, this paper shows that foreign doctors are worth more in people's perception, technology transfer, and ability to bring benefits to their universities than domestic ones. Finally, the returnees of the high-tech district were more likely to import technology and capital, feel that their technology is in great demand within society and to use it to tap the domestic market compared to those of those who have never been abroad.

Wan, Wong and Sun (2006) examined the definition of Haigui in detail, and analyzed the reasons why Haigui go back to China, their profession and social group. It also analyzed the problems brought by Haigui, emphasizing challenges to the existing Chinese diaspora policy.

Kim (2012) also analyzed the Thousand Talents Plan as a representative policy for attracting high-quality human resources in China. China has seen a surge in international students since its reform and opening, but their return to Korea has been branded as the world's largest drainer of high-quality human resources due to their extremely poor performance. For example, there were 1.62 million Chinese studying abroad between 1978 and 2009, but only 500,000 returned home. In addition, 80% of Tsinghua University's science and technology majors have studied in the United States since 1985, while 76% of Peking University have studied in the United States. Among them, 62,500 earned PhDs, three times more than the number secured by Chinese public research institutes. Feeling serious concern about the outflow of high-quality human resources, the Chinese government began the Thousand Talents Plan in late 2008 to provide settlement money of 1 million yuan per person and 12 benefits including housing, medical care and education. In this study, the current status, attraction effects, and problems of the Thousand Talents Plan were presented comprehensively. As a representative problem, first, performance-oriented policy, second, lack of consideration for companion families was suggested.

In order to attract high-quality technical talent, Zhang, Jiang and Zhang (2012) suggested that the government improve the attraction of high-quality technical talent by using means such as enacting immigration laws incorporating immigration-related laws, establishing immigration offices in charge of immigration policies, activating the permanent residence qualification system, clarifying the requirements for permanent residency and special naturalization, and providing legal grounds.

Germany's policy is to attract talented people from overseas through the study of legislation on China Technology Transfer, and proposed the establishment of a system of point system and visa system in relation to China's policy of attracting talented people, including the acceptance of technology immigration, listing of possible

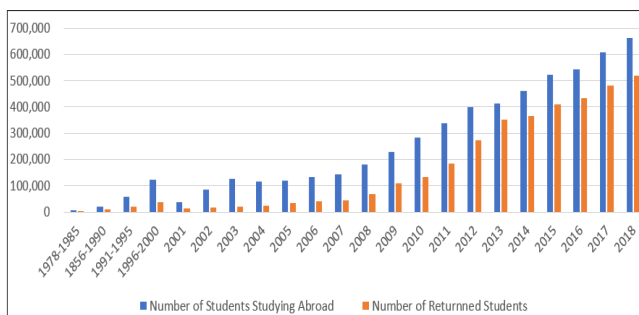
jobs for technology migration, examination of labor market,

Hong (2011) introduced the "Thousand Talents Plan" as a strategy for recruiting overseas talents from China. China has recruited a total of 1,143 overseas talents by the end of 2010, of which 880 are science and technology talents, accounting for 77 percent of the total. The Chen Yin plan is currently at the highest level among the projects of human resources inflow being pursued at the Chinese government level, and plays a big role in core technology, high-tech industry and emerging academic fields with the support of many overseas high-end talents.

Zheng (2018) compared the merits and demerits of China and Korea's human resource inflow policies and systems through a comparative analysis of various inducement and support policies for foreign students and talented overseas students in Korea and China. The study analyzed that there was a limit to the fact that Korea does not have a clear distinction in its visa policy and that it is difficult to specify the benefits for talented people. And in the case of China, the improvement measures were drawn at the same time as the result that there was a disadvantage of being less flexible to execute in accordance with the central management principle of attracting.

#### 2.4. Status of Chinese Overseas Returnee Students

The decade-long Chinese Cultural Revolution, which began in 1966, brought the development of education and culture to a halt, and caused cultural division. In addition, China's overseas migration population continues to grow due to reform and opening in 1978. Especially since the end of the 1980s, technology migration and investment migration to foreign countries have led to the outflow of human resources from China. Recently, the Chinese government has been encouraging overseas students to return home by realizing the seriousness of the talent outflow and strengthening policies. In particular, the Heavenly People's Plan and the Long River Scholars' Plan implemented from the 18th National People's Congress attracted many high-quality talents from overseas China.



Source: China Statistical Yearbook 2019

Figure 1: Number of Study Abroad and Returned Students



Moreover, due to the increasingly difficult overseas employment recently, many overseas students are returning to China after graduation. <Table 1> and <Figure 1> are the current status of students studying abroad and returning to China between 1978 and 2018.

**Table 1:** Number of Students Studying Abroad and Returning to China

Year	Number of Students Studying Abroad	Number of Returned Students	Annual Rate of Returned Students
1978-1985	7,872	1,834	23.30
1856-1990	19,444	9,339	48.03
1991-1995	59,634	20,788	34.86
1996-2000	123,675	37,948	30.68
2001	38,989	12,243	31.40
2002	83,973	17,945	14.58
2003	125,179	20,152	14.34
2004	114,682	24,726	17.57
2005	118,515	34,987	20.86
2006	134,000	42,000	26.11
2007	144,000	44,000	29.17
2008	179,800	69,300	24.47
2009	229,300	108,300	30.22
2010	284,700	134,800	38.04
2011	339,700	186,200	39.68
2012	399,600	272,900	46.60
2013	413,900	353,500	65.93
2014	459,800	364,800	76.88
2015	523,700	409,100	69.66
2016	544,500	432,500	79.43
2017	608,400	480,900	79.04
2018	662,100	519,400	78.45

Source: China Statistical Yearbook 2019

According to the Statistical Yearbook of China's statistics on the return of overseas Chinese students from 2001 to 2018, the return of overseas students has been gradually increasing since 2006. The total number of returnees has increased dramatically from 42,000 in 2006 to 519,400 in 2018. The ratio of the number of returnees to study abroad increased from 31.34% in 2006 to 78.45% in 2018. According to the official homepage of the Chinese

Ministry of Education, many Chinese national scholarship students has been on a steady rise recently and the return rate of national scholarship students is also quite high. The Chinese government evaluates the recent increase in the number of overseas students returning to China as a result of its policy to attract talent.

### 3. Policy of Attracting Overseas Brains

#### 3.1. Current Status and Changes of Chinese Government Policy

The implementation of the talent power strategy is a major strategic decision made by the Communist Party of China in the new century and in the new stage of international and domestic situations. The People's Power Strategy of the Communist Party of China in the new century is constantly changing with the development of the domestic and foreign economy, society and science. The strategy of a talent power goes through three stages (Zhang, 2008). 2000 to 2001 is the stage of raising the strategy of a talent power. From 2002 to 2006 is the initial stage of development of the talent power strategy. Since 2007, it has been in the full-fledged implementation stage of the talent power strategy.

The following are three specific steps. The first stage is the raising stage of the Talent Power Strategy from 2000 to 2001. In 2000, the Central Political Bureau pointed that the talent strategy should be formulated and implemented. At the 15th Central Conference of the Party in the same year, it was emphasized that training, attracting and utilizing human resources must be carried out steadily as a major strategic mission, and that it would strive to establish a large and talented human resource group. Later, China confirmed its talent strategy as a national strategy through its "10th Five-Year Plan for National Economic and Social Development" published in 2001, and included it as an important component of its overall economic and social development plan.

The second stage is from 2002 to 2006. This is the initial stage of development of the talent power. In 2002, when China joined the WTO, it faced global economicization. For the development of the Chinese-style socialist business, the Chinese Central Military Manpower Administration enacted <An Overview of the National Human Resources Construction Plan 2002-2005. At this time, the "Human Resources Power Strategy" was first raised and the overall search was made for the construction of Chinese talent groups during the new period, along with clarifying the direction policy, goal mission, and implementation of major policies for the establishment of Chinese talent groups in the present and future. This outline

was an enhancement to the national talent strategy previously raised. Among them, the attraction and use of overseas and overseas study personnel is to attract and employ overseas students for the sake of the nation.

In December 2003, the Central Office of the Communist Party of China held its first Central Human Resources Conference and announced <Decisions on fostering enhanced human resources>. Special emphasis was placed on the implementation of the strategy for the strong nation of human resources and the implementation of the strategy was an important and urgent task of the Party and the state, and the fundamental task of the recruitment of human resources was laid out by clarifying the significance of the reemployment of Chinese people in the new phase of the new century, and related policies were enacted. The 11th Five-Year Plan for National Economy and Social Development (2006-2010) published in 2006 emphasized the central management principle and the transition to a powerful labor capital, and suggested "Encouraging and attracting overseas students to return to China".

The third stage is from 2007 to the present, and this stage is the full implementation of the Talent Power Strategy. In 2007, China included the Human Resources Power Strategy in the three basic strategies of Chinese-style socialism and carried out a full implementation of the Human Resources Power Strategy. In addition, the implementation of the Talent Power Strategy was clearly stated in the Chinese Government's 2007 Report on Government Affairs, and the two main tasks of the Talent Power Strategy were mentioned. First, it is to establish various talent groups centering on talented people, and to train creative leaders and youth high-level experts. To this end, the government will strengthen policy measures to foster creative scientific talent to accelerate and educate technical talent in each field to expand the development of creative talent through the implementation of the "New Century 10 million Talent Process," "High School Creative Talent Process," and "hundred talents program," and expand the size of national students to foster outstanding human resources. High-functioning human resources are key personnel in the front line of production and labor, and have important significance in realizing economic development (Kittikunchotiwut, 2020). To this end, <Strengthening Opinions on the Work of High-Quality Talent> will be continuously implemented, and a public educational institution will be established that introduces a system for fostering industrial-academic cooperation of high-functional human resources and strengthen the establishment of a group of teachers in specialized schools (Kim, 2019).

Second, it is to provide support for employment and start-up funds to encourage those who study abroad to return home. The implementation of the study abroad

policy was an important national project after China's reform and opening. In the early days of reform and opening up, the Party and the state chose studying abroad as one of the important ways of fostering talent for the modernization of Chinese socialism. They judged that studying abroad is a way to acquire advanced countries' skills effectively and quickly. The implementation of this policy has achieved great results, and has exerted great power in the smooth implementation of socialist modernization construction. It is important to deeply recognize that international students studying abroad are a valuable resource for the country and to attract students who have returned home to encourage them to serve the country in various ways. To that end, the government is continuously promoting various inducement policies, including the "Chunhui Plan," to international students so that they can return home. At the same time, higher educational institutions and national scientific research institutes are building infrastructure to attract and collaborate on advanced human resources.

### **3.2. The Cases of Chinese Government Policy**

China's full-fledged policy to nurture technological talent began with Deng Xiaoping's "Hundred Talents Program". As science and technology talent in China dried up after the Cultural Revolution, Deng Xiaoping has allowed young people to study abroad since the mid-1980s and paid huge amounts of aid to the returning scientists with the goal of "getting more than 100 overseas students back to their homeland every year" (Choi, 2000). Until recently, various talent-seeking programs have been promoted by the central government of China through various ministries. The following provides a look at the representative policies being implemented by the central government of China and their contents.

#### **3.2.1. Hundred Talents Plan**

First of all, there is a "Hundred Talents Program" that the Chinese Academy of Sciences has been pushing since 1994. With the aim of attracting outstanding scientists from home and abroad, the program plans to provide 2 million yuan to the talents in question and attract talent under the age of 45 with a goal of 100 people every year. In 1994, 2 million yuan amounted to 187 million won in Korean currency, more than 500 times China's per capita income at that time. The Hundred Talents Program has attracted more than 2,000 outstanding people so far (David, 2006).

#### **3.2.2. Thousand Talents Plan**

The success of the Chinese Academy of Sciences' Hundred Talents Program led to a more advanced "Thousand Talents Plan". In 2008, then-Chinese President

Hu Jintao announced his goal of attracting more than 2,000 overseas high-quality human resources for five to 10 years to develop the economy and industry. Top scientists and high-tech businessmen who studied abroad were given cash worth up to 1.5 billion won (150,000 dollars), home and settlement money, as well as free offices and laboratories. Children were given the benefit of being admitted to a good school as a 'fast track'. The fact that the global financial crisis has reduced various support for research at universities in advanced countries, including the United States, has been a boon to China (Park, 2018)

In December 2008, China announced a plan to attract high-quality talent from overseas. The plan, briefly called the Heavenly People Plan, aims to attract young talent, mostly under the age of 40 with a doctorate degree from prestigious overseas schools in natural science and engineering technology and with at least three years of experience in overseas research. The goal of the plan is to attract 2,000 overseas talent within the next five to 10 years to national-focused innovation projects, major departments and research institutes, central enterprises and financial institutions (Ahn, 2009).

The selection of talent in the Thousand Talents Plan is divided into two categories: innovative talents and start-up talents. In the case of start-up talents, they should have their own intellectual property rights and invention patents, and the performance of related technologies should reach the level of international flights, fill China's technological vacuum, have market potential and be able to push ahead with industrialization. It provides relatively large financial support to the selection, of which the central finance ministry introducing talent will provide 500,000 yuan in one-off living subsidies, and each local finance ministry will also provide subsidies under regulations. In addition, the central finance ministry again pays 1 million to 3 million yuan for scientific research in accordance with the screening standards.

According to the data released by the Central Organization of the Communist Party of China, a total of 14 plans were made by 2018. In the first four years of the first year, the number of starters was 152 and 221, 178 and 185 respectively, and despite the drastic treatment by the authorities, the performance of the Thousand Talents Plan was not good until 2014 (Xu & Wang, 2018). As there were not many applicants, the total number of starters from the 1st to 10th innings was only 626.

In October 2014, the journal Science criticized China's plan, saying it was absorbing overseas talent with money. However, the number of starters has increased since 2014, and the number of successful candidates in the 11th round has been tallied at 666, and the number has increased to around 600 each time since then.

The Thousand Talents Plan has attracted about 2,500

talent so far in 2018, which means it has achieved its goal of attracting 2,000 talent over a decade. From 2011 to 2015, a total of 25 countries were selected for the Thousand Talents Plan, of which 1,213 came from the United States, accounting for 68 percent. Next came 100 from Germany and 94 from Britain. Many overseas Chinese and foreigners who study abroad and return to their home countries after studying in various countries are selected for the Thousand Talents Plan. Although there are mixed reviews at home and abroad, the Thousand Talents Plan is still the strongest human resource attraction program currently being promoted in China.

### 3.2.3. Changjiang Scholars Program

The Changjiang scholars program was jointly established in 1998 by the Chinese Ministry of Education and Chairman Li Jiancheng (李嘉诚) of Hong Kong's CK Infrastructure Group.

The aim is to improve the academic level of higher education in China and to enhance competitiveness by attracting overseas academic leaders and young people.

The plan is divided into a "special guest professor system" and a "achieving award for Changjiang scholars."

Since its inception in 1998, the Changjiang scholars program has been revised and supplemented three times in 2004, 2011 and 2014, and the benefits provided to the selected person are as follows. First of all, those appointed as special guest professors are required to receive 200,000 yuan in bonuses every year in the name of employment allowances, 30,000 yuan in bonuses per month for lecture professors, and various benefits such as insurance and welfare in accordance with relevant regulations. It also selects those who have provided outstanding academic achievements or achieved outstanding achievements during their tenure, and awards the annual "Changjiang Achievement Award," which requires 1 million yuan for 1st prize winner and 500,000 yuan for 3 second prize winners, respectively.

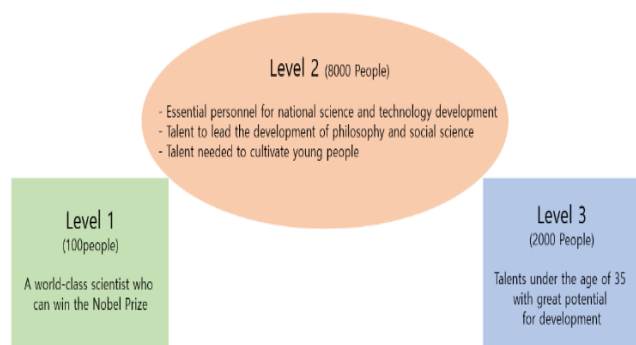
From 1998 to 2014, 2,251 Changjiang scholars were selected from 166 universities through the Changjiang Scholars Program of which 1,546 were special guest professors and 705 were lecture professors. Among the special guest professors, more than 90 percent of the scholars studied abroad or worked there, and the lecture professors were all composed of scholars invited from abroad.

### 3.2.4. Ten Thousand Talents Plan

In 2012, the Chinese government established the "Special Support Plan for National Advanced Human Resources," or the "Ten Thousand Talents Plan". The Ten Thousand Talents Plan plans to form a high-quality overseas talent plan from 2012 to 2022 and a high-quality

innovative talent development system in China that complements each other.

President Xi Jinping, who seeks to realize the "Chinese dream" by 2049, the 100th anniversary of the founding of the Republic of China, has implemented the "Ten Thousand Talents Plan" since 2012, which inherited and developed the white and heavenly plans, and is keen to attract talent more than any other leader in the past. This included a plan to "create 100 scientists who are expected to win the Nobel Prize," along with the goal of raising 10,000 national talents for 10 years. In fact, China succeeded in producing a Nobel Prize winner in science by winning the Nobel Prize in Physiology and Medicine in 2015 by Tu Youyou (屠呦呦), an honorary professor at the China Institute of Chinese Medicine. The number of Chinese students returning home after studying abroad increased from 273,000 in 2012 to 480,000 last year.



**Figure 3:** Talent selection grade according to the Ten Thousand Talent Program

It is these high-end Chinese talents who have been leading China's science and technology. Haigui, meaning a sea turtle returning home, they established 8,000 companies in 150 start-up complexes across China in 2009 alone, leading China's technological development (Park, 2018).

## 4. Entrepreneurial Activities of Overseas Returnees in Distribution Industry

### 4.1. Li Yanhong (李彦宏) of Baidu: Giant in Web Content Distribution

Chairman Baidu Li Yanhong is one of the most prominent figures in China's IT industry with his background as Haigui. The online service that links many Chinese people is Baidu, China's largest search engine. It is an indispensable company when talking about China, the world's second-largest economy. As the business is based on 1.2 billion people, it is no exaggeration to say that it

dominates the lives of Chinese people.

Li Yanhong, the founder of Baidu, China's largest search engine, is a former student studying abroad. He graduated from Beijing University with a degree in information management, but his graduate school came from the United States. Having earned his master's degree in computer science at Buffalo Campus, New York State University, he created a financial information search engine at Dow Jones, a U.S. financial and media service company. He, who was also patented in the U.S. for his Internet analysis technology "RankDex," returned to China in 1999 and founded Baidu.

Baidu opened on January 18, 2000 in an old inn room in Zhongguanchun, called Silicon Valley in Beijing, with six employees. It is equivalent to a latecomer on a global basis. In December 2019, it became a giant dinosaur company with sales of 107.413 billion yuan. Baidu calls its headquarters in Beijing the Baidu Campus in English. It was listed on the NASDAQ on August 5, 2005, but its business has not yet expanded globally and is centered around China. It entered Japan in December 2006 and has been providing services since January 23, 2008.

In China, it is impossible to live on the Internet without Baidu. Baidu has 57 kinds of services. If Google dominates the Internet life of English speakers, it is no exaggeration to say that Baidu controls the web life of Chinese speakers. Most of the services available in English can be done through Baidu in Chinese. Baidu also has a debate forum, which also plays a leading role in China's public opinion. Baidu also launched its mobile service on July 31, 2012. On November 8, 2012, the company joined hands with U.S.-based Qualcomm to provide free cloud storage services for Android users. Called Baidu Cloud, the service offers two terabytes of storage capacity.

Li has raised Baidu as China's largest search engine company. Baidu is the world's second-largest independent search engine, with its Chinese search engine accounting for up to 80 percent of the market. In 2007, it was the first Chinese company to be ranked in the NASDAQ 100 index. A former engineer, he emphasizes technology in business. The key to Baidu's success is the "power of technology." In fact, Baidu is considered to have secured global technological competitiveness beyond China by applying a variety of advanced technologies such as language identification technology and image identification technology to its search engine. For example, if you take a picture of a plant found on the side of the road and go through Baidu's image recognition, you can immediately obtain biological data as well as the name of the plant.

Li's dream is to grow Baidu into a global Internet company. To that end, the company has recently invested heavily in artificial intelligence. In the first half of this year, AI Research Institute was established in the U.S. The



company is working on an ambitious plan to go beyond Google with advanced artificial intelligence technology developed through this technology.

#### **4.2. Gu Yongqiang (古永锵) of Youku: Leading Platform of Video Distribution**

Gu Yongqiang was born in Hong Kong in 1966 and went to study in Australia alone at the age of 14 and entered the Department of Chemical Engineering at the prestigious University of New South Wales. He then moved to the U.S. with his family in 1985 and entered the economics department of the Berkeley campus in California. After graduation, he joined Bain & Company, one of the world's top three consulting firms, and met various customers in various fields. The best math I got from working for Bain & Company for more than three years was the habit of thinking. Thanks to this, Gu Yongqiang was able to draw up numerous problems and analyze them from various angles when looking at a project or project.

In 1992, he took an MBA course at Stanford University. It was a turning point in life. That's because he met countless start-ups there. After talking about start-ups all day long, he thought that when he graduated, there were only two ways in life: to start a business or to enter a venture investment company that invests in start-ups. Gu Yongqiang thought he was still inexperienced in starting a business, so he joined a venture investment firm for now. Then in 1994, while training in summer at Beijing University, he found out about the founder of Fuguo Investment and after talking to him several times, he quit Bain & Company and entered Fuguo Investment. During his four to five years at the company, he has been in charge of four important projects, expanding his understanding of the Chinese market and networking.

Gu Yongqiang began to be interested in the Internet industry by helping Sohu, a portal site, funding. In August 1998, at a hotel coffee shop in Beijing, Gu Yong-qiang met Sohu founder. Originally, he was going to talk about investment, but the founder had proposed to him, and Gu Yongqiang became Sohu's high-end vice president and chief financial officer. Since then, Gu Yongqiang's position has grown with the growth of Sohu. In addition to finance, he was in charge of overall corporate operations, including Sohu's strategy, sales, markets and products, and served as chief operating officer.

At the end of 2004, he decided to resign from Sohu and start an Internet-related business, and to come up with a new alternative by using a video platform, not a traditional web focused on text and images. Finally, in 2006, it opened a free video sharing website called Youku. Having fully grasped the market demand, Youku has developed into a video site representing China in just a year. In particular,

during the heavy snowfall in Shenyang in 2007, the only video posted by a local resident on Youku was the record because it was inaccessible to other media. It was like an exclusive news. China's CCTVs even quoted Youku videos. Of course, the fact that a strong competitor called YouTube disappeared when Google, which had been at odds with the Chinese government over censorship, withdrew in 2010 was a big boon.

Youku's corporate culture, equal fellowship, an atmosphere of respect for each other, and the culture of mixing East and West, were also well received. In addition, the company paid all of its executives and employees our company's shares. The front desk employee also held the Youku shares. Collaboration with other companies is also a strong point of Youku. The company slogan is "cooperation is the best." It has formed partnerships with Baidu, Shanda and several broadcasting stations to diversify its business. This was due to his splendid connections (Lee & Seo, 2017).

In the midst of rapid growth, Youku achieved a splendid achievement of listing on the New York Stock Exchange in December 2010, and in 2012, there was a merger between Youku and Tudou. In terms of the U.S., it was a combination of YouTube and Netflix. The new company is called Youkutudou. In November 2015, the company signed a 100% acquisition contract with Alibaba and became a subsidiary under Alibaba. Alibaba bought Youku's American Depository Shares (ADS) with more than 5 trillion won in cash at the time. It was in April 2016 that the company formally became an affiliate of Alibaba Group. For Youkutudou, the remaining task is to create synergy with the various businesses of Alibaba Group. The key success to Gu Yongqiang's growth is, first, his rich management experience. With his experience abroad and his extensive experience as a CFO, COO, and chairman of other companies, he managed Youku coolly and calmly. Second, foresight through this experience is the key success. As a pioneer in the online video industry, he has spread his insight into the direction of online video development every six months since 2006. Currently, he is working for the development of the entire industry as well as Youku.

#### **4.3. Other Entrepreneurial Activities of Haigui**

In addition to Baidu founder Li Sanqi, chief technology officer of Huawei, a telecommunications equipment company, and Lin Bin, president of Xiaomi, are also representative Haigui. BEYOND's "A8 Air Purifier," which is drawing attention as an air purifier that does not require filter replacement, where fine dust is severe, is also a product made by Lang Hong-yu, a study-abroad student who received a Ph.D. from the California Institute of Technology, returning home from Silicon Valley. BEYOND already has more than 100 technology patents and has been

awarded the title of China's "national class high-tech enterprise" for six consecutive years.

"Everybody Starts and Innovates". The so-called "shuangchang policy" was first advocated by Premier Li Keqiang at the Davos Forum in 2014. With the upgrade to China's economic development policy in 2015, innovative start-ups have become the core of China's New Changtai paradigm. At the start of the second term of the 19th Communist Party leadership, President Xi Jinping made an unconventional statement, saying, "We will encourage more entities to invest in start-ups by promoting entrepreneurship".

Amid the huge support, China is now the world's largest start-up country, with an average of 15,000 startups born every day. Not only college students, but also those who returned home after studying abroad and those who started their own businesses while in public office (Shahai) are all jumping into the start-up front. There is already a saying among Chinese university students that they get a job by starting a business.

The start-up companies' challenge has transformed China, which used to be called a world factory, into a mecca of innovation comparable to the U.S. China has reached the world's highest level of technology in all areas of the fourth industrial revolution, including Drones, FinTech, electric vehicles, self-driving and artificial intelligence (Sumiati, 2020; Shao & Yu, 2015). Some predict that the sharing economy created by China will create more than 100 million jobs by 2020. Now, China is not a country of fake products, but has entered a virtuous cycle in which startups explode again in that market once they grow and create a market. In the ecosystem created by China's first-generation venture BAT (Baidu, Alibaba, Tencent), more than 100 startups, including Xiaomi and Didi Chuxing, have grown into unicorn companies (Kim, 2019).

## 5. Conclusion

China's policy to attract overseas talent is being pushed very actively and open based on abundant human and material resources and strong will of the government. In addition, the Ministry of Education of China, the central government department, and the Ministry of Human Resources and Social Security have prepared a systematic system in which national institutions and research organizations can closely cooperate, and established an organic cooperation system with local governments to enhance the effectiveness of attracting talent.

However, it is also true that China has shown tangible results in attracting foreign talent through its strong policy efforts, but There were many problems with the

implementation of the policy. Typically, due to limitations in research conditions and market conditions, it has not achieved much in attracting world-class scholars, and it is pointed out that wasteful competition among local governments to attract overseas talent, and the moral hazard phenomenon of talent are also urgent issues.

Haigui's status has changed recently. Chinese youths who returned from studying abroad have become less welcome than they used to be. Not only are many Haigui suffering from job shortages, but even if they succeed in finding a job, their salaries are far below expectations. While the number of international students returning to China continues to increase, the number of jobs decreased due to the slowing economic growth, which is largely due to intensifying competition. Ten years ago, Haigui was in the spotlight, likened to a sea turtle with an instinct to break an egg and return to where he was born. They were guaranteed a job, and were considered the top marriage partner with a high salary (Jang & Lee, 2020).

The recent surge in Haigui has further reduced their jobs. According to the Chinese Ministry of Education, the cumulative number of Haigui as of the end of last year reached 3,597,662. In 2018, 662,100 people went abroad to study, while 519,400 returned from studying abroad. In other words, nearly 80 percent of them are returning to mainland China after studying abroad.

This is why some say that the era of unconditional employment has passed just because they have studied abroad. A new word has emerged, "Haidai(海待)", which has been studying abroad but has not been able to get a job. It is even called "Haydai(海带: sea tangle)" with the same pronunciation.

The Chinese corporate culture, which is hard to understand for those studying abroad, is also cited as a reason for the difficulty in finding jobs in Haigui. Chinese companies no longer give extra points just because they have studied abroad. They are not fluent in foreign languages nor have excellent expertise (Lee, 2013).

Recently, the Korean government has also stressed the importance of attracting foreign talent as a key task to address the declining competitiveness of science and technology and the imbalance between demand and supply of talent and to implement a creative economy. Therefore, considering this situation, China's policy of attracting overseas talent is likely to have a lot of implications for the establishment of Korea's human resources development strategy. In the meantime, Korea has been perceived as a "technical superiority" country over China, and has tended to pursue only the leap forward talent development trend of advanced countries. As mentioned earlier, however, China is no longer a talent-vulnerable country, and has established itself as a competitive talent-holding country. Therefore, Korea will need to carefully examine the merits and

demerits of China's policy of attracting overseas talent, and the current state of operation, and boldly benchmark what Korea need.

This paper has implications as stated above, but it also has limitations. First, the Chinese government only announced related policies, but did not reveal the results and achievements, so there was a lack of information related to attracting high-quality overseas talents. It is regrettable that it is not known where they are placed and how they are used.

Second, this paper is a study of Chinese government policies and Haigui, but because the contents of each local government in China are different, and there are so many cases, there was no choice but to conduct the study by selecting a few representatives. A comprehensive analysis was conducted, but the specific comparison was insufficient. Therefore, the following are the things to expect from subsequent studies to make up for these limitations. First of all, it is to study in depth the people involved in the policy or high-level overseas talents by means of direct questionnaires or interviews. Since the Chinese government is not reporting the results of attracting talent or the results of the project, it will be necessary to sample the people involved and investigate them directly.

In addition, comparative studies of more regions in China are needed. The analysis of the central government's policy cases, which are applied throughout the country, was not difficult, but failed to cover them in detail because there were too many cases when trying to analyze local government cases. Local governments in China were implementing policies to attract high-quality human resources from abroad well, some were not, and others were implementing policies according to their capabilities. So, it was difficult to compare this under unified conditions. The further research will need to develop a suitable analysis frame to study more cases, encompassing many local governments.

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